

REVISED
3/11/2019

2018-19 Second Interim Financial Report

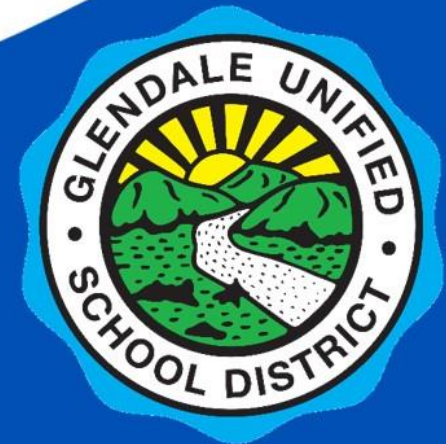
March 12, 2019

Information Report No. 2

Presented by: Stephen Dickinson

Chief Business and Financial Officer

Budget Report No. 5





Second Interim Report and Certification

- AB 1200 and AB 1708 require county offices to monitor and review district budget and financial reports
- Districts are required to submit two interim budget reports determining if they can meet their financial obligations in the current and the two subsequent years
- The County certifies each report as “positive”, “qualified”, or “negative” based on the ability of the district to meet its financial obligations
- The second interim report represents the actual and projected financial position of the General Fund as of January 31, 2019



2018-19 Budget Calendar

Budgeting for schools is a continuous, year-round process

- Adopted Budget by June 30, 2018
- First Interim by December 15, 2018
 - *Using data through October 31, 2018*
- Second Interim by March 15, 2019
 - *Using data through January 31, 2019*
- Public Hearing for the Local Control Accountability Plan (LCAP) & 2019-20 Budget by June 4, 2019
- Adopt LCAP & 2019-20 Budget on June 18, 2019
 - *Public Hearing and actual Adoption must be performed in two separate Board meetings*

Certification Definition

- ✓ **POSITIVE** = The district, based on current projections, **will be able** to meet its financial obligations for the current and subsequent two fiscal years
- **QUALIFIED** = The district, based on current projections, **may not be able** to meet its financial obligations for the current and subsequent two fiscal years
- **NEGATIVE** = The district, based on current projections, **will be unable** to meet its financial obligations for the current and subsequent two fiscal years

Current Projections based on Second Interim and Multi-Year Projection (MYP)



Major Changes Since First Interim Report

	2018-19	2019-20	2020-21	2021-22
<u>Revenue</u>				
LCFF Revenue	\$ 0.3 M ↑	\$1.9 M ↑	\$0.2 M ↑	\$0.7 M ↓
COLA %	0%	0.89% ↑	0.19% ↑	0.50% ↓
Enrollment	2 ↓	279 ↓	279 ↓	279 ↓
Revenue ADA	0	113 ↓	388 ↓	388 ↓



Major Changes Since First Interim Report

	2018-19	2019-20	2020-21	2021-22
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Expense

STRS

\$ 0 M \$1.2 M ↓ \$1.2 M ↓ \$1.2 M ↓

SPED Actuals vs Budget

\$2.0 M ↑ \$2.0 M ↑ \$2.0 M ↑ \$2.0 M ↑

Minimum Wage Increase

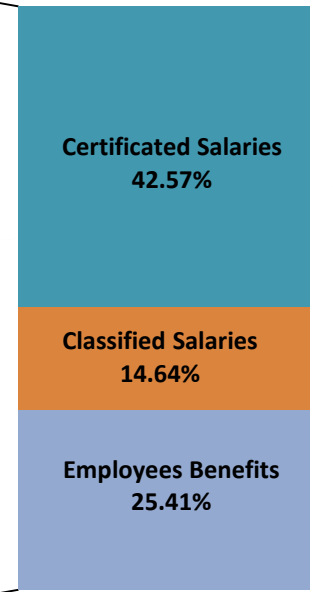
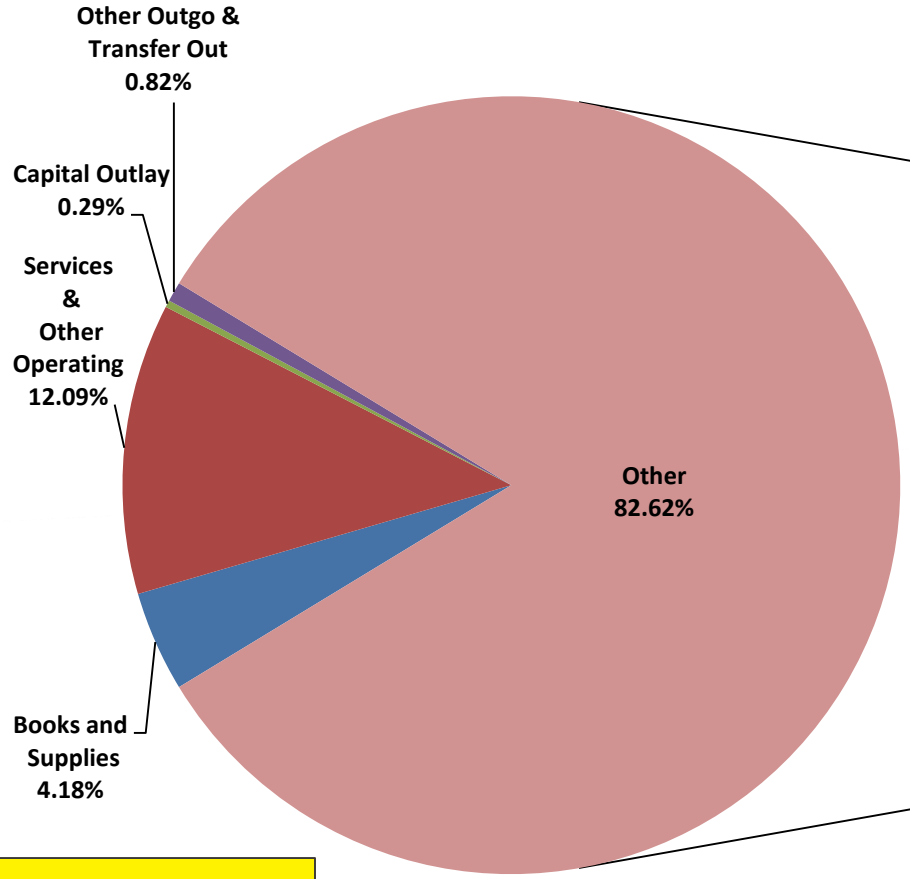
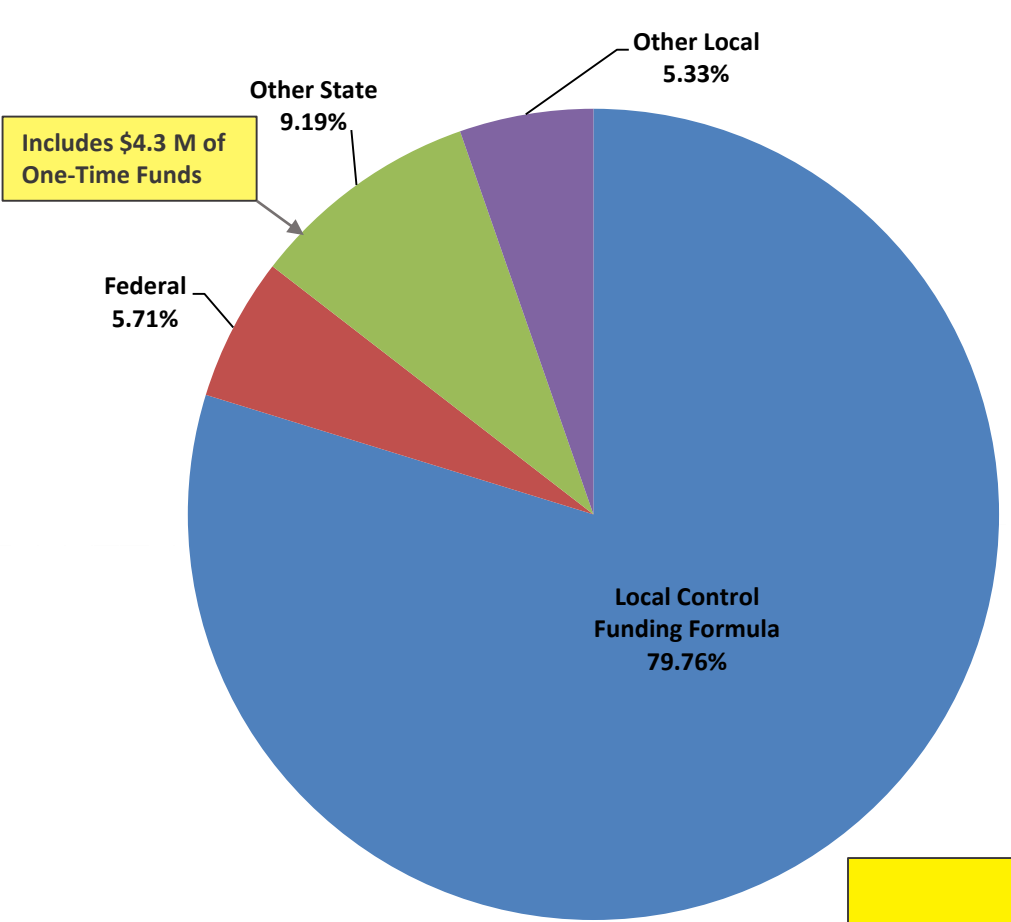
\$0.1 M ↑ \$0.2 M ↑ \$0.4 M ↑

TK-3 CSR Ratio from 26:1 to 24:1

\$2.0 M ↑ \$2.0 M ↑ \$2.0 M ↑



2018-19 Second Interim TOTAL REVENUES & EXPENDITURES – GENERAL FUND



Rev \$295.36m
 -Exp \$298.24m
 Current Deficit = (\$2.88m)

Be aware of the annual carryover process

Total Revenues \$295,363,465 **Total Expenditures \$ 298,243,198**



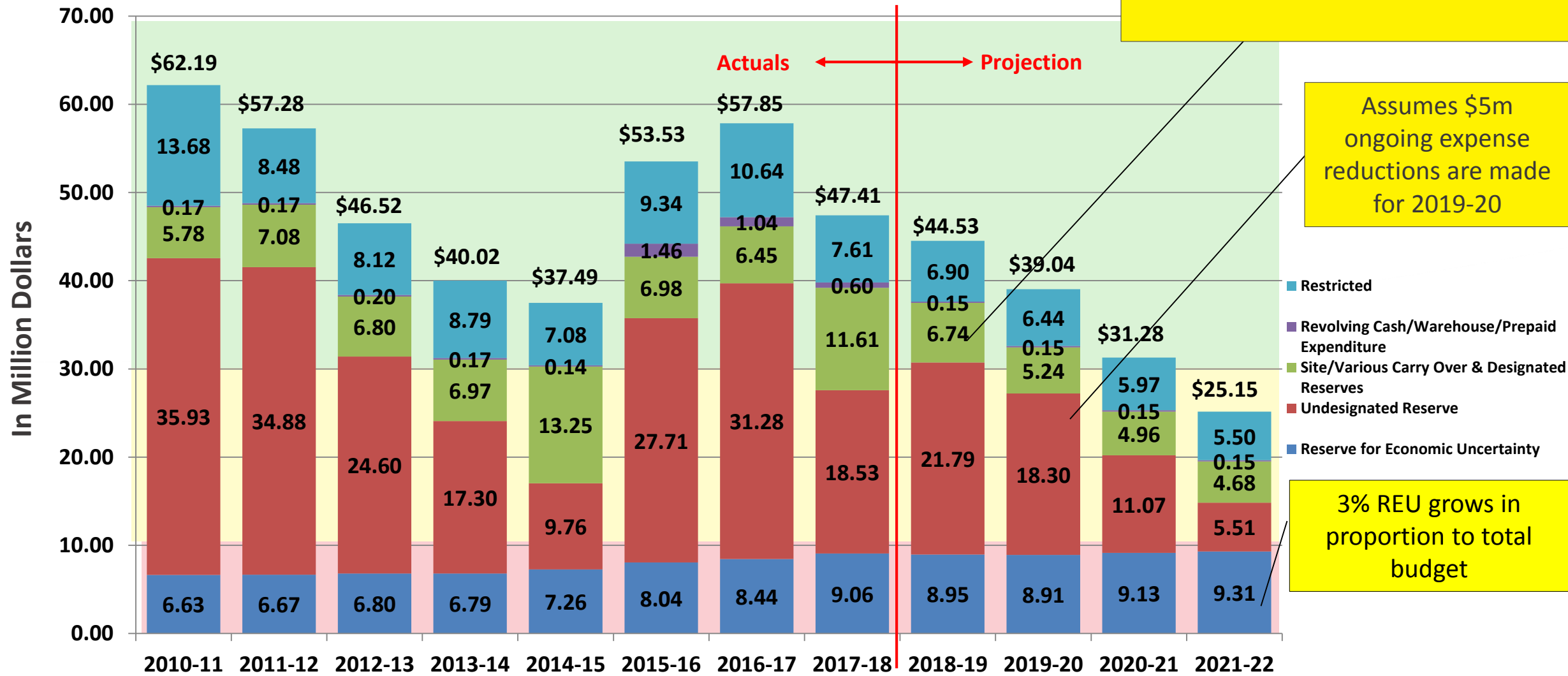
2018-19 Second Interim Unrestricted General Fund MULTI YEAR PROJECTION

	2018-19	2019-20	2020-21	2021-22
Total Revenues	\$ 207,893,892	\$ 211,235,969	\$ 216,351,086	\$ 223,925,576
Total Expenditure	210,069,452	216,266,931	223,639,966	229,586,438
Net Increase/(Decrease)	(2,175,560)	(5,030,962)	(7,288,880)	(5,660,862)
Beginning Balance	39,804,623	37,629,063	32,598,101	25,309,221
Audit Adjustments	-	-	-	-
Ending Balance	37,629,063	32,598,101	25,309,221	19,648,359
Components of Ending Fund Balance:				
Revolving Cash	70,000	70,000	70,000	70,000
Stores	80,096	80,096	80,096	80,096
Prepaid Expenditures	-	-	-	-
3% Reserve for Economic Uncertainties	8,947,296	8,913,056	9,134,254	9,312,651
Reserve for Carry Over, MAA, Board Election, LACOE Charges	6,738,537	5,235,641	4,955,641	4,675,641
Adjusted Balance in Excess of Assigned and 3% Reserve	\$ 21,793,134	\$ 18,299,308	\$ 11,069,230	\$ 5,509,971
Salaries and Benefits % of Exp.	88.15%	90.67%	90.86%	90.97%
Salaries and Benefits % of Rev.	89.07%	92.83%	93.92%	93.27%

2018-19 Second Interim Summary of General Fund Ending Fund Balances

Designated Reserves:

- LACOE charges= \$.84
- Carry over/MAA=\$4.7
- One Time 17-18 Disc. Fund=\$1.2



Assumes \$5m ongoing expense reductions are made for 2019-20

3% REU grows in proportion to total budget



Budget Modes: Deficit – Balanced – Surplus


Surplus/ Additions	8	
	7	
	6	Innovation
	5	Build reserves
	4	Increase employee compensation
	3	Build/expand programs
	2	Reduce class size
	1	LCAP goals
Balanced Budget		
Deficit/ Reductions	1	LCFF revenue increases above projections
	2	Use of one-time funds and/or current reserves
	3	Supplies & Equipment
	4	Contracted services
	5	Administrative and management staffing
	6	Classified staffing (reduce support and service)
	7	Certificated staffing (reduce programs and
	8	increase class size)



GLENDALE UNIFIED SCHOOL DISTRICT 2019-20 Fiscal Stability Plan (Detail)

Dept	Program	Est. Savings
T&L	Restructure funding source for professional development to LPS Block Grant	\$ 500,000
DO	Eliminate (1) ETIS Sr. Info Analyst	\$ 104,000
DO	Eliminate (1) Purchasing Agent	\$ 122,000
DO	Eliminate (1) Accounts Payable Supervisor and Realign to Accounting Tech	\$ 6,000
DO	Eliminate (1) TCIII in HR	\$ 36,000
DO	Eliminate (2.5) TC in CTE/T&L/Student Services	\$ 111,000
DO	4.5% reduction in all DO department budgets - supplies, services, conferences	\$ 1,130,000
DO	Reduce copier/printer equipment and supply costs due to new contract (phase	\$ 150,000
DO	Reduce annual increase in projected H&W rates from +9%/yr to +8%/yr	\$ 300,000
FASO	Move up to 9 Grounds positions to Routine Restricted Maint funding	\$ 720,000
FASO	Eliminate (1) Asst. Operations Coordinator	\$ 91,000
FASO	Eliminate (1) Grounds position	\$ 85,000
Elem	Eliminate (1) Asst. Principal	\$ 154,000
Elem	Eliminate (2.5) Teaching positions	\$ 265,000
Middle	Eliminate (7.2) Teaching positions due to declining enrollment	\$ 617,000
HS	Eliminate (7.2) Teaching positions due to declining enrollment	\$ 617,000
Total		\$ 5,008,000

Cautions and Challenges

- **Future Funding - Unstable COLA%, UPP, and Enrollment** 
- **Special Education - Program Needs Increasing**
- **Projected Negative Unrestricted General Fund Adjusted Balances in future if budget reductions are not made**
- **Additional Funding to Cover CalPERS and CalSTRS Increases is proposed only.**
- **Financial Stability Plan for 2019-20 of \$5.0 m, and for 2020-21 will likely be at least \$4.0 m - \$5.0 m**
- **Impact of 2018-19 Negotiations – Already committed the 2018-19 LCFF increase to the previous wage increase – Can't spend the same increase twice**
- **Sagebrush Transfer**



Future Options to Increase Enrollment and/or Revenue

- Fundraising
- Grants
- Parcel Tax
- Advertising/Promotion
- Full-Day Kindergarten



PRELIMINARY DRAFT Plan for 2020-21

Proposed Action	Target	Estimated Actual
2020-21 LCFF Improvement over current COLA projection	TBD	\$0
Any other revenue assumption changes	TBD	\$0
Services, supplies and all other non-personnel budgets	TBD	\$0
Admin/Mgmt staffing level	TBD	\$0
Classified staffing level	TBD	\$0
Certificated staffing level	TBD	\$0
Plus/minus staffing adjustments for actual enrollment of 2019-20	TBD	\$0
Subtotals	TBD	\$0
Target Total	TBD	\$0



GUSD Key Indicators

GUSD is a great school district for many reasons:

- Outstanding teachers
- Outstanding parent involvement
- Outstanding students
- Excellent class offerings, programs, curriculum, technology and support staff
- Reasonable average class sizes
- Very good and competitive wages
- Excellent health insurance benefits
- Stable fiscal reserves



2018-19 Second Interim Summary

- **The Interim Superintendent is recommending a Positive Certification for Second Interim.**



Next Steps

- June 4, 2019 - Public Hearing of 2019-20 Budget and LCAP
- June 18, 2019 - Adoption of 2019-20 Budget and LCAP

QUESTIONS?

